CEREBRA
Total I.T. Solutions
An ISO 9001:2000 Company

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

14th

ANNUAL REPORT

2007-2008

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

V. Ranganathan	-	Managing Director
Gururaj K. Upadhya	-	Director Technical
Shridhar S. Hegde	-	Director
P. Vishwamurthy	-	Director
T. S. Suresh Kumar	-	Director
P. E. Krishnan	-	Director
S. Gopalakrishnan	-	Director

REGISTERED OFFICE, FACTORY AND WORKSTATION

S-5, off 3rd Cross, I Stage,
Peenya Industrial Area,
Bangalore - 560 058
Tel: 91 - 80 - 28370282/84
Fax: 91 - 80 - 28372609 Web: www.cerebracomputers.com
Email: info@cerebracomputers.com

ITES FACILITIES

26/4, 'a' Block, 2nd Floor
Industrial Suburb,Rajajinagar
Bangalore- 560 010

STATUTORY AUDITORS

M.S. Reddy & Associates
Chartered Accountants
#726, II Floor, 3rd Main, 3rd Cross,
"D" Block, II Stage,
Rajajinagar, Bangalore - 560 010.
Tel. 91 - 80 - 23422430

BANKERS

Part of year
Canara Bank
State Bank of India

Current
Bank of India

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt Limited,
17-24, Vittal Rao Nagar,
Madhapur
Hyderbad - 500081
Ph: 040-23420818-824
Fax: 040-23420814
Email: sanjayrao@karvy.com

ENLISTMENTS

Bombay Stock Exchange
Limited (BSE)
Bangalore Stock Exchange
The Stock Exchange, Ahmedabad

Calcutta Stock Exchange
Association Ltd

DEPOSITORIES

National Securities Depository Limited
Central Depository Services Limited

Dear Stakeholder,

It gives me great pleasure to communicate to all of you with immense pride on our 'come back' saga. Your Company having been saddled with innumerable hurdles in the past 4-5 years, has now become debt free. With the infusion of huge efforts by the Team Cerebra and support extended by all Acquaintances, we were able to have decent business and get back to our past profit track for the year ended Sept 08. Your Company has performed much beyond expectations and is looking forward to coming back to its days of glory very soon. We hope to be rid of all problems and be out of BIFR shortly.

In spite of the economic scenario worldwide looking bleak, we are very bullish about our future. Our order book is full in all divisions and we are now very confident of wiping out all our losses in the next year and half.

Our hardware division is doing well with some very good orders both on the PC side and also on the contract manufacturing side. Our margins in the contract manufacturing division are very encouraging.

The newly introduced ITES division has also started performing and under this, our full focus will be on the LPO (Legal Process Outsourcing) division for the time being. In spite of the worldwide downturn, this is one industry which will perform much beyond expectations and the margins here are very good at present. We have a team of dedicated advocates heading this and with their knowledge and dedication, we are well on our way to become an established player in the LPO space.

We have now established a marketing office in the United Kingdom at London and also in the US at Atlanta under experienced people. We are also working towards a plan to grow inorganically and have identified good companies to acquire in similar businesses in the UK and in the US which will propel your company to greater heights faster.

My grateful thanks to all those who have made this dream possible and I am sure you will continue to support your Company in future. Very soon we will be very proud to say that we all form part of this great Company and we were responsible for bringing it back to profitability level.

Bangalore
24th November, 2008

V. Ranganathan
Managing Director

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held at 10.00.a.m. on Tuesday, the 23rd December, 2008 at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at September 30, 2008 and the Profit and Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shridhar S Hegde, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P Vishwamurthy., who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs. M.S. Reddy & Associates, Chartered Accountants, Bangalore who retire at the end of the ensuing Annual General Meeting and being eligible, offer themselves for appointment and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions as a Special Resolution:

   "RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder, Listing Agreements, Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and in pursuant to the all other applicable laws, rules, regulations and guidelines and subject to all such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from Bangalore Stock Exchange, the Stock Exchange Ahmadabad and Calcutta Stock Exchange Association Limited.

   RESOLVED FUTHER THAT the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorized to provide any clarifications/ information in this regard and to take all necessary steps as may be required in order to comply with all the legal and procedural formalities and to do all such acts, deeds or things, as may be necessary, and further to authorize any of its Directors or any of the Officers of the Company to do all such acts, deeds, matters and things that may be necessary to give effect to this resolution."

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956, and subject to the approval of Central Government, the name of the Company be changed from 'Cerebra Integrated Technologies Limited' to 'Cerebra Limited' or 'Cerebra IT Limited' or Cerebra Tech Limited' or any other names as may be approved by the Registrar of Companies."

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 21 and any other provisions of the Companies Act, 1956, as may be applicable and as per the approval to be received from the Registrar of Companies

or Ministry of Corporate Affairs, Clause I of the Memorandum of Association be altered by deleting in the existing Clause I the name 'Cerebra Integrated Technologies Limited' and by substituting the same with such name as may be approved by the Registrar of Companies or the Ministry of Corporate Affairs and that accordingly the name be substituted with the new name wherever it appears in the Memorandum of Association elsewhere."

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 21 and any other provisions of the Companies Act, 1956, as may be applicable and as per the approval received from the Registrar of Companies or Ministry of Corporate Affairs, the Article 2 (a) of the Articles of Association be altered by deleting the existing Article 2 (a) the name 'Cerebra Integrated Technologies Limited' and by substituting the same with such name as may be approved by the Registrar of Companies or the Ministry of Corporate Affairs and that accordingly the name be substituted with the new name wherever it appears in the Articles of Association elsewhere"

9. To consider, and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, as amended and subject to such permissions, consents and approvals, if any, from Central Government and subject to such conditions, if any, that may be imposed by the Central Government while granting their consents, permissions and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords approval to the appointment of Mr. Shridhar S. Hegde as Whole-time Director in charge of Marketing of the Company from 1st January, 2009 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement.

   FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to increase the remuneration and/or perquisites of Mr. Shridhar S. Hegde, in its absolute discretion within such guidelines or ceilings of Schedule XIII subject to such approvals of Central Government or any other authority, wherever applicable, and required and for which consent of the Company as required under various provisions of the Companies Act, 1956, be and is hereby granted.

   FURTHER RESOLVED THAT in the event where in any financial year during the currency of his appointment, the Company has no profit or its profits are inadequate, it may pay remuneration to Whole-time Director the total of which shall not exceed the ceiling limits as provided in Schedule XIII of the Act, or such other amount as may be specified by the Government from time to time by any amendment to the Act.

   FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

10. To consider, and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

    "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, as amended and subject to such permissions, consents and approvals, if any, from Central Government and subject to such conditions, if any, that may be imposed by the Central Government while granting their consents, permissions and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords approval to the appointment of Mr. P. Vishwamurthy as Whole-time Director in charge of ITES Business of the Company from 1st January, 2009 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement.

    FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to

increase the remuneration and/or perquisites of Mr. P. Vishwamurthy, in its absolute discretion within such guidelines or ceilings of Schedule XIII or subject to such approvals of Central Government or any other authority, wherever applicable, and required and for which consent of the Company as required under various provisions of the Companies Act, 1956, be and is hereby granted.

FURTHER RESOLVED THAT in the event where in any financial year during the currency of his appointment, the Company has no profit or its profits are inadequate, it may pay remuneration to Whole-time Director the total of which shall not exceed the ceiling limits as provided in Schedule XIII of the Act, or such other amount as may be specified by the Government from time to time by any amendment to the Act.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board

Place : Bangalore
Date : 24th November 2008

V. RANGANATHAN
MANAGING DIRECTOR

NOTES:

1. Explanatory Statements in terms of Section 173 of the Companies Act, 1956 in respect of Special Business is attached.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote instead of himself/herself and the proxy appointed need not be a member. The duly filled in proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. Members/proxies should bring in the duly filled in attendance slips sent herewith for attending the meeting.
4. The Register of Members and the share transfer books of the Company will remain closed on 23rd December, 2008
5. Members are requested to notify their change in address to the Registrars and Transfer Agents by quoting their relevant registered Folio Number.
6. Members are requested to carry the Annual Report circulated to them. As a measure of economy, no copies of the Annual Report will be made available to the Members at the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5:

The Equity Shares of the Company are at present listed on Bangalore Stock Exchange, the Ahmedabad Stock Exchange, Calcutta Stock Exchange Association Limited and are also traded on the premier Stock Exchange at Mumbai i.e. BSE.

With the extensive networking of Bombay Stock Exchange (BSE) and extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's Equity Shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's securities on all other stock exchanges are almost nil. Further, the listing fees required to be paid to other stock exchanges are disproportionately higher and the trading volume and liquidity are nil compared to BSE.

Further, as per Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 issued by Securities and Exchange Board of India (SEBI), exit opportunities need not be provided to the shareholders of the Company on delisting of its Equity Shares from other Stock Exchanges, provided the Shares of the Company continue to be listed at BSE or NSE and the Company has obtained the approval of members through Special Resolution.

Hence, Board recommends the Special Resolution for voluntary delisting of Company's Equity Shares from Bangalore Stock Exchange, the Ahmedabad Stock Exchange and Calcutta Stock Exchange Association Limited for your approval.

The said voluntary delisting of Company's securities from three Stock Exchanges will, apart from the savings resulting from the non payment of annual listing fees, also reduce a lot of administrative work. The said delisting will not adversely affect the investors as the Company's securities will continue to be listed on BSE. The delisting will take effect after all approvals, permissions and sanctions are received.

Your Directors recommend the passing of the Resolution as a Special Resolution.

None of the Directors of the Company is concerned or interested in the proposed resolution except to the extent of their Shareholders, if any.

Item No. 6, 7 & 8 :

In order to truly communicate the nature of business of the Company and in view of the Company having already got in to ITES segment business, approval of Registrar of Companies, Bangalore is being sought to change the name to Cerebra Limited or Cerebra IT Limited or Cerebra Tech Limited or such other name as may be approved by the Registrar of Companies. The Board recommends the members to approve the above given resolution to give effect to the change of name and consequential alterations in the Memorandum and Articles of Association of the Company.

Your Directors recommend the passing of the Resolution as a Special Resolution.

None of the Directors of the Company are interested in the proposed resolution except to the extent of their Shareholders, if any.

Item no. 9:

The Board based on the recommendations of the Remuneration Committee, considered various factors and recommended the fresh appointment of Mr. Shridhar S. Hegde as Wholetime Director from 01.01.2009 for a period of 3 (three) years

The Board of Directors of the Company at their meeting held on 24.11.2008 recommended Mr. Shridhar S. Hegde as Wholetime Director of the Company for a period of 3 years commencing from 01.01.2009 subject to approval in the next General Meeting.

Mr. Shridhar S. Hegde, aged 47 years holds a Graduation degree from Bangalore University and has 27 years of experience in Marketing and as Director Marketing in the Company for 15 years

Mr. Shridhar S Hegde has been responsible for marketing and administration work of the Company.

The remuneration, detailed below, payable to Mr. Shridhar S. Hegde is within the ceilings specified under Schedule XIII of the Companies Act, 1956.

In terms of Section 302 of the Companies Act, 1956, an abstract of the terms of appointment as well as Memorandum of concern/interest of the concerned Director is set out as follows:

REMUNERATION:

Rs.25,000/- per month

Conveyance Allowance:

He will be eligible for reimbursement towards fuel and Car maintenance expenses at actually on production of bills. He shall not be entitled for any other allowances or benefits, other than mentioned above.

Leave Facilities:

He will be provided with 21 days of Leave and 5 days of Casual Leave during the Tenure. Unutilized leave shall not be eligible for Carry Forward / Cash reimbursement.

OTHER BENEFITS

Apart from the aforesaid remuneration, the Wholetime Director shall be entitled to reimbursement of expenses incurred in connection with the business of the Company.

The Wholetime Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.

The total remuneration including perquisites shall not exceed the overall limits in accordance with Section 349 and 350 of the Companies Act, 1956.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein where in any financial year during the currency of tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the above remuneration payable by way of Salary and Perquisites shall be deemed as Minimum Remuneration.

MEMORANDUM OF CONCERN OR INTEREST

Except Mr. Shridhar S. Hegde himself, no other Director is concerned / interested in the resolution.

Item no. 10:

The Board based on the recommendations of the Remuneration Committee, considered various factors and recommended the fresh appointment of Mr. P Vishwamurthy as Wholetime Director from 01.01.2009 for period of 3 (three) years

The Board of Directors of the Company at their meeting held on 24.11.2008 recommended Mr. P. Vishwamurthy as Wholetime Director of the Company for a period of 3 years commencing from 01.01.2009 subject to approval in the next General Meeting.

Mr. P. Vishwamurthy, aged 41 years holds Engineering degree from Mysore University, and has 15 years of experience in IT Industry. Mr. P. Vishwamurthy has been responsible for ITES Business of the Company.

The remuneration, detailed below, payable to Mr. P. Vishwamurthy is within the ceilings specified under Schedule XIII of the Companies Act, 1956.

In terms of Section 302 of the Companies Act, 1956, an abstract of the terms of appointment as well as Memorandum of concern/interest of the concerned Director is set out as follows:

REMUNERATION:

Remuneration Rs.25,000/- per month

Conveyance Allowance:

He will be eligible for reimbursement towards fuel and Car maintenance expenses at actually on production of bills. He shall not be entitled for any other allowances or benefits, other than mentioned above.

Leave Facilities:

He will be provided with 21 days of Leave and 5 days of Casual Leave during the Tenure. Unutilized leave shall not be eligible for Carry Forward / Cash reimbursement.

OTHER BENEFITS

Apart from the aforesaid remuneration, the Wholetime Director shall be entitled to reimbursement of expenses incurred in connection with the business of the Company.

The Wholetime Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.

The total remuneration including perquisites shall not exceed the overall limits in accordance with Section 349 and 350 of the Companies Act, 1956.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein where in any financial year during the currency of tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the above remuneration payable by way of Salary and Perquisites shall be deemed as Minimum Remuneration.

MEMORANDUM OF CONCERN OR INTEREST

Except Mr. P. Vishwamurthy himself, no other Director is concerned/interested in the resolution.

By Order of the Board

Place : Bangalore
24th November 2008

V. RANGANATHAN
MANAGING DIRECTOR

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:

1 Shridhar S. Hegde:
Date of Birth: 27.01.1961
Qualification: B Sc
Expertise: Marketing
No. of Board Meetings attended during the year: All

2 P. Vishwamurthy:
Date of Birth: 03.05.1967
Qualification: B E
Expertise: Software
No. of Board Meetings attended during the year: All

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Registered. Office: # S 5, off 3rd Cross, I stage, Peenya Industrial Area, Bangalore 560058

DIRECTORS' REPORT

Your Directors present their Fourteenth Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended September 30, 2008.

FINANCIAL RESULTS:

(Rs. in lakhs)

Particulars	2007-08	2006-07
Total Income	1646.79	369.05
Total Expenditure	1517.77	277.14
Operating Profits (PBIDT)	129.02	91.92
Interest	6.21	26.58
Depreciation	16.30	15.61
Profit Before Extra Ordinary Income	106.51	49.73
Extra Ordinary Income	878.94	-
Provision for Tax - Current	0.72	0.20
Profit after Current Tax but before Deferred Tax	984.73	49.53
Deferred Tax	-	-
Profit available for appropriations/(Loss)	984.73	49.53

REVIEW OF OPERATIONS:

After a period of 5 years, your Board is pleased to report that the efforts infused in all directions to revive the Company have begun to yield results. Shareholders will note that the Financial Results validate the performance of the Company. Substantially higher growth coupled with robust enhanced profits have instilled tremendous confidence in Team Cerebra. The Company during the year executed orders in the hardware sector. The Company has entered into contracts with some companies on Electronic Manufacturing Services (EMS) and job work for its EMS Division. Your Company explored the opportunities and started operations in the areas of Legal Process Outsourcing, Medical Transcription etc., for its IT/ITeS division. The Company has earned some profits through sale of software products. The Company continues to remain under BIFR and is likely to be out of this during this financial year.

With sustained efforts, some investors who were convinced of the revival of the Company came forward to support and supplement the efforts of the Management. The One Time Settlement with the Banks was completed with the approval of the BIFR and today, your Company has no borrowings from any Banks or Financial Institutions.

20,00,000 Warrants convertible into Equity Shares at Rs. 10/- each and 25,25,000 Warrants convertible to into Equity Shares at Rs 21/- each are outstanding.

DIVIDEND:

Your Directors regret to inform you that no dividend is declared for the year-ended 30-09-2008 in view of the Company requiring its profits for working capital and revival of all its units to its full capacity.

DIRECTORS:

Mr. Shridhar S. Hegde and Mr P Vishwamurthy, Directors, retire by rotation. In accordance with the Companies Act, 1956 and Articles of Association of the Company and being eligible, they offer themselves for re-appointment.

AUDIT COMMITTEE:

Your Company's Audit Committee continued to discharge its functions during the year under report.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any Fixed Deposits during the year ended September 30, 2008.

AUDITORS:

Messrs. M S Reddy & Associates, Chartered Accountants, Bangalore, Auditors of the Company retire at the end of forthcoming Annual General Meeting and are eligible for appointment.

Auditors observations : regarding comments of the Auditor in their report dated 24-11-2008 the explanation of the Directors are as follows:

a) The management is hopeful of recovering the amount from debtors and hence no provision was made.

b) The directors draw attention to Notes to Accounts No. 7 and the management is in the process of obtaining confirmations.

PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975.

SUBSIDIARY COMPANIES:

The Cerebra LPO India Limited was incorporated on 27.08.2008 as a subsidiary Company. Since the said subsidiary Company has not closed its Business Operation Accounts, the question of furnishing details under Section 212 of the Companies Act, 1956 does not arise.

COMPLIANCE OF STOCK EXCHANGE FORMALITIES:

Your Company has fully complied with the Listing formalities of all the Stock Exchanges where the Company's shares are listed. Your Directors have taken necessary action in connection with the Guidelines/Regulations issued by Securities and Exchange Board of India (SEBI) on Insider Trading.

ACCOUNTING STANDARDS:

The Company has followed the mandatory Accounting Standards for preparation of Financial Statements for the year ended September 30, 2008.

CORPORATE GOVERNANCE:

A detailed report on Corporate Governance has been included separately in the Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is Nil.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings: Rs. 7.87 Lakhs
Foreign Exchange Outgo: Rs. 14.29 Lakhs

DIRECTORS' RESPONSIBILITY STATEMENT:

As per Section 217(2AA) of the Companies (Amendment) Act, 2000 your Directors hereby confirm that -

- In the preparation of these annual accounts, the applicable accounting policies and standards are followed, as issued by the Institute of Chartered Accountants of India (ICAI) and the requirements of the

Companies Act, 1956, to the extent applicable. No material departures are noticed from the prescribed accounting standards;

- The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company as at the end of the year ended September 30, 2008 and of the "Profit/(Loss)" of the Company for that year;
- The accounts for the year-ended 30.9.2008 have been prepared on a system of historical cost, on a going concern and on accrual basis;
- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud, errors and other irregularities;
- Financial Statements have been audited by Messrs. M S Reddy & Associates, Chartered Accountants, Bangalore being the Statutory Auditors of the Company.

Forward looking statement

In this annual report, we have mentioned certain forward looking information to enable investors to comprehend our business model and future prospects and make informed investment decisions. This annual report and other communications from us, oral or written, may include certain forward looking statements that set out certain anticipated results based on managements assumptions and plans. Even though the management believes that they have been prudent in making such assumptions, we cannot guarantee that these forward looking statements will be realised. We undertake no obligation to update forward looking statements. The achievement of results is subject to various risks, known and unknown. We request readers to bear this in mind while reading this report.

ACKNOWLEDGEMENTS:

Your Directors thank the Shareholders/Investors for the confidence reposed in the Company. Appreciation is placed on record for the unstinted co-operation and support extended by the Customers, Vendors, Bankers, Channel Partners, the various Government Departments.

For and on behalf of the Board

Place: Bangalore
Date: 24.11.2008

V Ranganathan
Managing Director

Gururaj K Upadhya
Director Technical

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

As reported in the last Annual Report, your Company has implemented and complied with the Corporate Governance Code recommended by the Securities and Exchange Board of India (SEBI). Your Company shall always be managed with the principles of Good Corporate Governance with a view to enhance overall shareholder value and to run the business effectively to achieve its corporate objectives.

I. BOARD OF DIRECTORS

A. The Board of Directors of the Company has 2 Executive and 5 non-executive Directors out of which 3 are Non-Executive Independent Directors.

After due circulation of agenda and notes thereon, the Board of Directors have met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dealt with at length by the Board at its various proceedings.

The details of the Directors' attendance at the meetings of the Board of your Company during the year ended 30.9.2008 are given below:

Sl. No.	Name	Designation	No. of Board Meeting Meeting held	No. of Board Meetings attended
Executive Directors				
1.	V Ranganathan	Managing Director	07	07
2.	Gururaj K Upadhya	Director - Technical	07	07
Non-Executive				
3.	Shridhar S Hegde	Director	07	07
4.	P Vishwamurthy	Director	07	07
Non-Executive and Independent Directors				
5.	Suresh Kumar TS	Director	05	05
6.	PE Krishnan	Director	00	00
7.	S Gopalakrishnan	Director	05	05

The Board Meeting dates for the year 2007-08,

22.10.2007,30.11.2007,31.01.2008,7.02.2008,28.04.2008,30.07.2008,17.09.2008.

All the Directors attended the Thirteenth Annual General Meeting. One Extraordinary General Meeting on 22.11.2007 was held during the year under report.

II. AUDIT COMMITTEE

The functions of Audit Committee are as follows:

To oversee the company's financial reporting process and disclosure of its financial information;

To recommend the appointment of statutory auditors and fixation of the audit fee;

To review and discuss with the auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit function, major accounting policies, practices and entries;

Compliance with accounting standards;

Compliance with the Stock Exchange and legal requirements concerning financial statement and related party transactions, if any;

To review the Company's financial and risk management policies;

Discuss with the internal auditors any significant findings for follow-up thereon;

To review the quarterly, half yearly and annual financial statement before submission to the Board of Directors.

The Committee also meets the management team and reviews the operations, new initiatives and performance of the business units. The minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

The Audit Committee is comprised of the following Directors:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. TS Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The details of attendance of the meetings of the Audit Committee for the year ended 30.9.2008 are as follows:

Sl No.	Name	No. of meetings held during the year	No. of meetings attended during the year
1.	S Gopalakrishnan	04	04
2.	TS Suresh Kumar	04	04
3.	PE Krishnan	04	03

The Audit Committee reviewed the financial results, accounting and financial controls as well as policies and practices as also internal control and internal audit systems.

III REMUNERATION COMMITTEE

The functions of Remuneration Committee are as follows:

- To review, assess and recommend the appointment of executive and non- executive Director from time to time;
- Periodically review the remuneration package of the executive Directors and recommend suitable revision to the Board;
- To recommend compensation to the non-executive Directors inaccordance with the provisions of the Companies Act, 1956;
- To consider and recommend Employee Stock Option Schemes from time to time and to administer and supervise the same.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The Remuneration Committee consists of the following Directors:

1. Mr. S.Gopalakrishnan – Chairman
2. Mr. T.S Suresh Kumar – Member
3. Mr. P.E.Krishnan – Member

There was no occasion for the Committee to meet during the year since there was no review of the remuneration payable to the Directors.

Details of Remuneration of all Directors:
(Amount in Rs.)

Sl. No.	Name	Designation	Salary(in Rs)	Sitting fee*
	Executive Directors			
1.	V Ranganathan	Managing Director	96,222	Nil
2.	Gururaj K Upadhya	Director - Technical	96,222	Nil
	Non-Executive			
3.	Shridhar S Hegde	Director	Nil	Nil
4.	P Viswamurthy	Director	Nil	Nil
	Non-Executive and Independent Directors			
5.	Suresh Kumar TS	Director	Nil	Nil
6.	PE Krishnan	Director	Nil	Nil
7.	S Gopalakrishnan	Director	Nil	Nil

Note: In view of inadequate surplus, no sitting fee was paid to the Directors.

IV INVESTORS' GRIEVANCES COMMITTEE:

The functions of Investors' Grievances Committee are as follows:

- To look into the shareholders complaints, if any and to redress the same expeditiously.
- To approve the request for issue of duplicate share certificates and issue of certificates after split/consolidation.

The Investors Grievance Committee consists of the following:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. TS Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The Sub-Committee duly appointed by the aforesaid Committee met continuously to address the various issues relating to the investors, including non-receipt of Annual Reports, Dividend related issues, Change of addresses, transfers of shares, dematerialization and other related aspects. The Company has also continuously requisitioned the services of an independent Practicing Company Secretary to review the procedures followed by the RTA. No major grievance of any investor was pending as on 30th September 2008.

None of the Directors of the Company was member in more than 10 committees nor acted as Chairman of more than five committees across all companies in which they were Directors. During 2007-08, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company.

V. MANAGEMENT

Clause 49 of the Listing Agreement with the Stock Exchanges states the following as regards the Management.

The Company agrees that as part of the Directors' Report or as an addition there to, a Management Discussion and Analysis report should form part of the annual report to the Shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the Company's competitive position:

i. Industry structure and developments
ii. Opportunities and Threats

iii. Segment wise or Product-wise performance
iv. Outlook
v. Risks and concerns
vi. Internal control systems and their adequacy
vii. Discussion on financial performance with respect to operational performance
viii. Material developments on the Human Resources/ Industrial Relations front, including number of people employed

A 'Management Discussion and Analysis of Results of Operations and Financial Condition' report is included hereunder.

The report contains all the information specified above.

The Company has a policy under which all the Directors of the Company are required to disclose all material financial and commercial transactions where they have a personal interest to the Board. All the related party transactions are disclosed as Note 17 under Notes to Accounts.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2008:

INDUSTRY STRUCTURE AND DEVELOPMENT

Today, Cerebra along with its subsidiaries offers solutions in

1) IT Manufacturing Services
2) ITeS & BPO Services
3) IT Infrastructure Management Services

IT Manufacturing Services

After reviving of manufacturing activity, your SMT division has done very well in the past year with various new customers added and new products being taken into production. Major successes have been development and manufacturing of RFID products, GPS products, Ticketing Machines, Energy Meter Boards, Weighing Scale Boards, Fitness Equipments electronics, Measuring Instrumentation electronics, for customers in India and abroad.

The Outlook for Electronics Manufacturing Service is particularly good now since most of the companies would now look at shutting their own manufacturing facilities and outsourcing it to companies like yours as part of their cost cutting measures.

The global electronics contract manufacturing business will not escape the impact of the current economic downturn, but it will continue to expand according to Market Research Reports.

Global contract manufacturing revenue, consisting of sales by electronics manufacturing services (EMS) and original design manufacturing (ODM) providers, is expected to grow by 8.3 percent in 2008.

“Speculative activities specific to the housing market and mortgage-backed securities will or already have triggered a recession in the United States that could spread across the world,” observed a Senior Executive and Principal Analyst, EMS/ODM. “Demand specific to the electronics marketplace will continue to soften. As the end-markets erode due to recession, the trickle-down effect will cause less significant revenue growth for electronics supply-chain participants, including EMS/ODM providers.”

However, the contract manufacturing market will continue to expand during this period as OEMs attempt to adjust their cost structures and enhance core competencies.

“OEMs, are reported to be selling off upto $15 billion in annual manufacturing revenues via a divestiture of desktop and integration facilities”. “Furthermore, non-traditional OEMs—-i.e. those in the medical, industrial, aerospace markets—-will continue to explore, test and adopt external manufacturing partners during the financial downturn.”

Your Company is ideally poised to grab the opportunity the current financial climate has created for manufacturing companies and you can expect sizeable growth from this division.

ITeS & BPO Services

Cerebra ranks amongst India's global IT Services companies, providing IT solutions, BPO and IT infrastructure management services. The Company leverages a good offshore infrastructure with its network of 2 offices in Europe and the USA to deliver solutions across select verticals including HealthCare, Aerospace, Telecom & Legal

The Indian IT Industry

The Information Technology enabled Services (ITeS) sector has not only changed the way the world looks at India but has also made significant contributions to the Indian economy. According to the National Association of Software and Service Companies (NASSCOM), the IT/ITeS industry's contribution to the country's gross domestic product (GDP) has grown from 1.2 per cent in FY 1998 to an estimated 5.5 per cent in FY 2008.

The Indian IT-ITeS sector (including hardware) grew by 33 per cent in FY 2008 to reach US$ 64 billion in aggregate revenue. Of this, the ITeS/BPO sector contributed US$ 12.5 billion as against US$ 9.5 billion in FY 2007, an increase of 31 per cent.

The Indian ITeS-BPO exports grew significantly from US$ 8.4 billion in FY 2007 to US$ 10.9 billion in FY 2008 while the revenues of domestic BPO grew to US$ 1.6 billion in FY 2008 from US$ 1.1 billion in FY 2007. The sector provided direct employment to 700,000 in FY 2008 up from 553,000 in FY 2007.

ITeS, which started with basic data entry tasks over a decade ago, is witnessing an expansion in its scope of services to include increasingly complex processes involving rule-based decision making and even research services requiring informed individual judgment. It now offers services such as knowledge process outsourcing (KPO), legal process outsourcing (LPO), games process outsourcing (GPO) and design outsourcing among others.

India with its natural competitive advantage is likely to play a huge role in various segments of the ITeS industry. The Indian animation industry is rapidly growing as a major outsourcing hub with a growth rate of 30 per cent. The Indian KPO sector is estimated to become a US$ 10-billion industry by 2012, from the current size of US$ 4 billion according to a report on the "Future Course of KPO Industry".

ITeS Services:

Cerebra's offerings under ITeS can be broadly classified into three heads i.e., Medical Transcription Services, Legal Support Services and Knowledge Support Services. The medical transcription services comprise of transcribing medical records, letters and dictations of UK based doctors and Physicians. Cerebra has partnerships with transcription companies working for UK and has developed capabilities across a broad range of practice domains. Legal Support Services

Legal Support Services or LPO is a relatively new addition to the BPO family, although more high end, than regular BPO work. In Legal Process Outsourcing, law firms or in-house legal departments of organizations outsource legal work from off-shore areas, say like United States of America, Europe, UK, Germany and Australia to destinations like India, Philippines etc.

When it began however, LPO consisted mostly of low-end transcription work, but not any longer. LPO now

includes a huge range of legal processes, such as patent application drafting, legal research, pre-litigation documentation, and contract drafting and management services.

Key statistics on Legal Process Outsourcing

In the recent few years the global spending on legal services has been estimated to be over $250 billion (of which about two-third is accounted in the United States alone). With such demand for legal services, corporations and law firms need to handle the large volumes while keeping costs in check and maintaining profitability.

LPO in India is showing strong growth potential with revenues doubling to $146 million in 2006. According to a study by the US-based Forrester Research, the current annual value of legal outsourcing which is worth $ 80 million today can rise up to $ 4 billion in India by 2015.

Currently the industry employs around 7,500 people in this space in India, and this is expected to reach 32,000 by end 2010. (Source: ASSOCHAM)

Cerebra LPO Division

Based on the above and other market data and by and large LPO companies are more catering to the US market rather than the UK region. Cerebra LPO India Limited, a subsidiary of your company was incorporated on 27th August, 2008 to cater exclusively to the UK region and then move on to the USA. It has also opened a marketing office in the United Kingdom to market its services.

Cerebra is marketing the following services

- accounting and billing services
- e-Discovery
- Patent Drafting,
- Document review
- Contract drafting.

Medical Transcription Services

Our Mission:

To be the leading provider of transcription services by delivering Quality services using innovative technologies and reduce the cost of healthcare.

Cerebra MT, provides I.T. solutions for physician practices and healthcare organizations. Our products and services are affordable, interoperable, pragmatic, compliant, and secure. We are providing transcription services and solutions to doctors in the United Kingdom and USA.

MT Process

- A network of experienced, qualified Transcriptionists.
- Constant monitoring of quality and turnaround times to ensure they meet industry standards.
- Transcription coverage 24 hours a day, 365 days a year.
- Accelerated billing cycles for improved cash flow.
- Improved standards with best practices with HIPPA and DPA compliance.

Advantages:

- We focus on delivering business value by lowering costs, augmenting staff and providing high-end work.
- We offer end-to-end service from the right professionals with the right skills for each task.
- Our industry acumen, working capabilities, alliances, global resources, and technology allow us to deliver competitively priced, high-quality services.

Benefits:

- Experienced professionals available 24x7x365 with experience across all kinds of work type and specialty report.
- We handle all aspects of transcription including production, QA, and transition.
- 99.4 % accuracy on all key verified work with timely delivery of the output.
- Provision of output in required format with quickest turn-around time.

Our team consists of Medical Transcriptionists, Proof Readers and Quality Analysts targeting a quality of 99.4% accuracy in every transcribed file that we send to our clients.

BPO Services: Cerebra BPO delivers back office services for select complex processes in banking, insurance, manufacturing, retail and telecom. The accent is on advanced customer handling and communication skills, a sensitized approach for managing client-side process & integration with process experts.

IT Infrastructure Management Services

Cerebra's Infrastructure Management Services enable customers to operate and manage their IT assets with a high degree of resource efficiencies, in an environment that is engineered to achieve security, reliability and availability. The services are compliant with state of-the-art quality standards such as ISO 9001:2000. Unique tools and diagnostics provide enhanced visibility into the customer's IT infrastructure to optimize performance, increase availability and reduce costs.

JOINT VENTURES & SUBSIDIARIES CREATED DURING THE YEAR

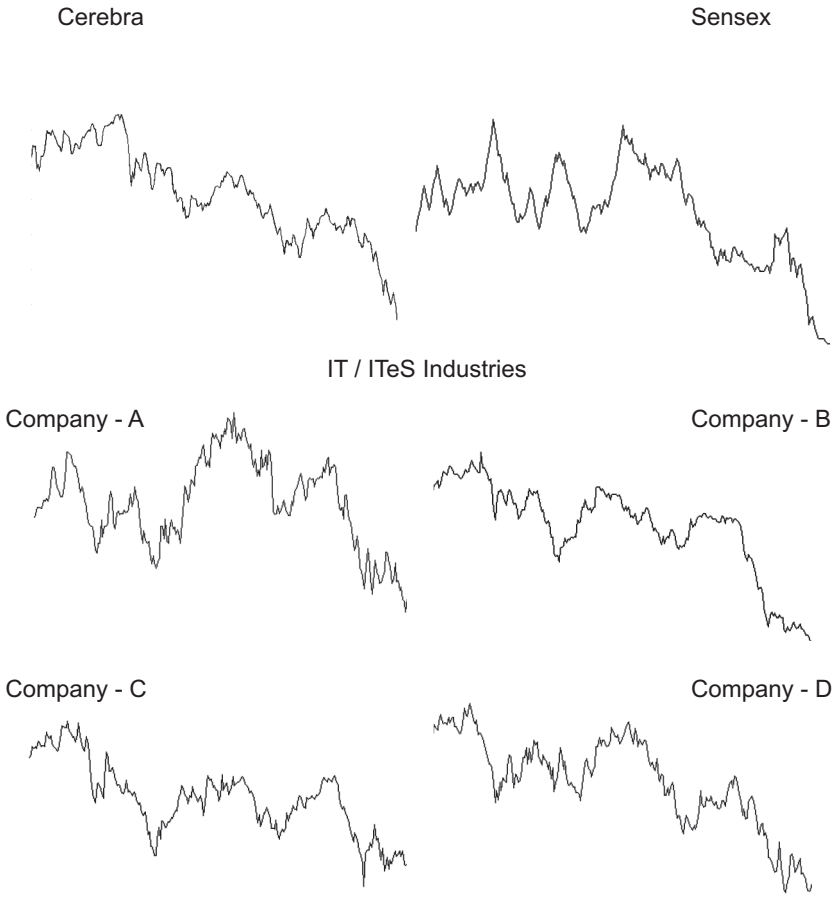
Cerebra Europe Ltd.

The Company tied up with Cerebra Europe Ltd. for carrying on the business for marketing of its IT enabled Services in the United Kingdom, eventually may convert this into a subsidiary company of your company.

Cerebra USA Inc.,

Similar arrangements are being explored in USA and tied up with a small establishment. Based on the business development this establishment also will be converted into a subsidiary of your company

Your company 's performance in the Stock Market was in line with the general trends and in comparison with the BSE and other major players in IT / ITeS Industry--your company's share price moved comparably as shown below:-Movement of Cerebra, BSE Sensex and other leading IT / ITes Companies for the period October 2007 to September 2008



OFFICER AND ADDRESS FOR CORRESPONDENCE:

Mr. Shridhar Hegde continues to be the Compliance Officer of the Company. Address of the Registered office of the Company shall be the address for correspondence.

1. Details of Annual General Meeting (AGM):

Year	Location	Date	Time
2004-2005	Registered Office of the Company	31.12.2005	10 AM
2005-2006	Registered Office of the Company	30.12.2006	10 AM
2006-2007	Registered Office of the Company	27.12.2007	10 AM

Means of Communication:

Quarterly results are forwarded to the Stock Exchanges and are made available to the investors.

GENERAL SHAREHOLDERS' INFORMATION:

The following information would be useful to the shareholders:

1. Annual General Meeting Date and Time: 23rd December 2008 at 10 AM
2. Financial Calendar: 1.10.2007 to 30.9.2008
3. Book Closure Date:23.12.2008

4. Listing on Stock Exchange at :
   a. The Stock Exchange of Mumbai (BSE)
   b. Bangalore Stock Exchange Limited
   c. The Stock Exchange of Ahmedabad
   d. Calcutta Stock Exchange Association Ltd.

5. Depositories
   National Securities Depository Limited
   Central Depository Services Limited
   Stock Code:
   BSE – 532413 ASE – 11235
   BgSE – CEREBRA INT CSE – 1333

Demat arrangement with NSDL and CDSL: INE345B01019.

6. Registrars & Share Transfer Agents:
   Karvy Computershare Private Limited,
   Plot No 17 - 24 Vittal Rao Nagar
   Madhapur
   Hyderabad - 500 081
   Fax - 040-23420814
   Phone : 040 - 23420818 - 824
   Email: sanjayrao@karvy.com

7. Stock Market Data:

Month	**High**	**Low**
October 2007	28.05	18.45
November 2007	41.15	27.10
December 2007	38.75	32.50
January 2008	49.45	27.95
February 2008	42.90	28.35
March 2008	42.15	26.35
April 2008	46.60	28.55
May 2008	46.65	35.65
June 2008	41.35	32.20
July 2008	34.00	22.00
August 2008	27.50	19.00
September 2008	30.80	16.55

8. Share Transfer System:
   The Company in consultation with the RTA ensures that the transfers of shares in physical form and dematerialization take place well within the time limits.

9. Distribution of Shareholding as at September 30,2008:

Category holders	No. of shareholders		Face value of shares held	
	Number	Percentage	Amount	Percentage
Upto 5000	5709	85.43	8782580	6.72
5001-10000	439	6.57	3684220	2.82
10001-20000	193	2.89	3133770	2.40
20001-30000	84	1.26	2136170	1.64
30001-40000	40	0.60	1422560	1.09
40001-50000	41	0.61	1999490	1.53
50001-100000	58	0.86	4381950	3.35
>100000	119	1.78	105098580	80.45
Total	6683	100	130639320	100

10. Categories of Shareholding as at September 30,2008:

	Category	No. Of shares held	% Of holding
	Promoters Holding:		
i.	Indian Promoters	7929820	6.07
ii.	Foreign Promoters	0	0
	Sub Total	7929820	6.07
]	**Non-Promoters Holding:**		
i.	Mutual Fund and UTI	0	0
ii.	Banks, Financial Institutions and Insurance companies	0	0
iii.	Bodies Corporate	5557818	42.54
iv.	Indian Public	6591792	50.46
v.	NRIs/OCBs	38,450	0.29
vi.	Others -		
	HUF	82890	0.63
	Clearing Members		
	Sub Total	12270950	93.93
	Grand Total	13,063,932	100

11. Dematerialization of shares and liquidity as at 30-9-2008:

Particulars	No. Of Shares	Percentage to total
No. of shares in Physical Form	7532006	57.65%
No. of shares in Electronic Form	5531926	42.35%
Total	13063932	100%

12. Number of days taken for dematerialization: 15
13. Dematerialization request from 01-10-2007 to 30-09-2008:
    No. of Requests : 172
    No. of shares : 316253 (2.42% of the Total Equity)
    Postal Ballot: NIL
14. No resolutions were passed during the year attracting Postal Ballot and no resolution attracting Postal Ballot is recommended at this meeting.
15. Report on Corporate Governance:
    This report together with the information given in Directors Report constitutes a detailed compliance report on Corporate Governance during the current year.

For and on behalf of the Board

Place: Bangalore	**V Ranganathan**	**Gururaj K Upadhya**
Date: 24.11.2008	Managing Director	Director Technical

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by Cerebra Integrated Technologies Ltd., for year ended 30.9.2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement, subject to non-compliance with the means and details of communication

We state that as per the records maintained by the Registrars and Transfer Agents of the Company and presented to the Shareholders/Investor Grievance Committee, no investor grievances received during the year ended 30.9.2008, were remaining unattended/pending against the Company for a year exceeding thirty days.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR **M. S. REDDY & ASSOCIATES**
Chartered Accountants

M.SRIDHAR REDDY
Partner

Membership No. 201103
Place: Bangalore
Date: 24.11.2008

Certification by CEO (Managing Director)

I, V. Ranganathan, Managing Director of Cerebra Integrated Technologies Limited, certify that

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:-
   a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
   b. These statements give a true and fair view of the state of affairs of the company and the results or operations and cash flows. These statements have been prepared in conformity in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by
   a. The Company during the year, which are fraudulent, illegal and violative of the company code of conduct.
3. We accept overall responsibility for the company's internal control system for financial reporting. The Auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and Audit Committee
   a. Any significant changes in internal control over financial reporting during the year.
   b. Significant changes in accounting policies during the year.
   c. Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

   However, during the year there were no such instances.

BANGALORE
24.11.2008

V. RANGANATHAN
Managing Director

AUDITORS' REPORT

To,

The Members of,
CEREBRA INTEGRATED TECHNOLOGIES LIMITED
BANGALORE.

1. We have audited the attached balance sheet of CEREBRA INTEGRATED TECHNOLOGIES LIMITED as at 30th September 2008 and Profit and Loss Account for the year ended on the date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (ii) In our opinion, proper books of account as required by law have been kept by the company so for as appears from our examination of those books.
   (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956;
   (v) On the basis of written representations received from the directors, as on 30th September 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      (a) in the case of the balance sheet, of the state of affairs of the company as at 30th September 2008;
      (b) in the case of the profit and loss account ,of the Profit for the year ended on that date; and
      (c) in the case of the cash flow statement, of the cash flows for the year ended on that date subject to:
         a. The debtors amounting to Rs.2,90,30,705/- are doubtful, in our opinion, for which no provision is made.
         b. Pending confirmation and reconciliation of Sundry Debtors, Creditors and advances.

for **M.S.REDDY & ASSOCIATES**
Chartered Accountants

Date: 24.11.2008
Place: Bangalore.

M.SRIDHAR REDDY
Partner.
Membership Number 201103

Annexure to Auditor's Report

Referred to in paragraph 3 of our report of even date, to the members of Cerebra Integrated Technologies Limited, Bangalore on the accounts for the year ended 30 September 2008.

(i) (a) The company has maintained proper records showing particulars including quantitative details and situation of fixed assets and is to be updated. According to the information and explanations given to us, the programme of verification of fixed assets, which in our opinion, is adequate having regard to the size of the company and the nature of its assets.

(b) During the period under audit, the company has not disposed off substantial portion of the fixed assets

(ii) (a) According to the information and explanations given to us, the inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are adequate in relation to the size of the company and the nature of its business.

(c) According to the information and explanations given, the company is maintaining proper records of inventory. We are informed that the discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) According to information and explanations given to us, the company has not taken loans from the parties listed in the register maintained u\s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.12.20 Lakhs and the year end balance of advance received from such parties was Rs.12.20 Lakhs.

(b) According to information and explanations given to us, the company has granted unsecured loan to one company listed in the register maintained u\s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.121.14 and the year end balance of loan granted to such company was Rs.121.14 Lakhs.

(c) According to information and explanation given to us, no interest paid / payable in respect of advances received from the parties listed in register maintained u/s 301 of The Companies Act, 1956. No interest was charged in respect of unsecured loan given by the company to the Borrower Company.

(d) The payment of principal and interest in respect of unsecured loan given are not regular.

(e) During the year, the Company has provided for bad debts amounting to Rs.10.88 Lakhs in respect of loan given to the Company Listed in the register maintained u/s 301 of the Companies Act, 1956

(iv) In our opinion and according to the information and explanations given to us, the internal control procedures are to be strengthened commensurate with the size of the company and the nature of its business for the purpose of inventory and fixed assets and for sale of goods. According to information and explanations given to us, there is no continuing failure to correct major weaknesses in the system.

(v) (a) According to the information and explanations given to us, during the year under audit, the transactions that need to be entered in those registers pursuance to Sec 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, no transactions were made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of rupees five Lakhs in respect of any party during the year.

(vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public.

(vii) In our opinion and according to the information and explanations given to us, the scope of internal audit is to be increased commensurate with the size of the company and the nature of its business.

(viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the companies act,1956 for the company.

(ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Excise Duty applicable to it. The arrears of outstanding statutory dues as at 30.9.08 for a period more than six months from the date they became payable are given below:

Income Tax Payable	368,635/-
Sales Tax Payable	184,899/-
Fringe Benefit Tax Payable	32,197/-
Excise Duty	2,809,259/-
Professional Tax	25,208/

(b) According to the information and explanation given to us, the Sales Tax dues amounting to Rs.924282/- have not been deposited on account of appeal pending at Karnataka State Tribunal and Income Tax demand of Rs.1599914/- on account of pending approval of BIFR scheme.

(x) The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. The networth of the company is positive as at the year end. The accumulated losses of the company are more than fifty percent of its net worth.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Banks as at the year end.

(xii) According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) In our opinion and according to the information and explanations given to us, there were no transactions and contracts in respect of dealing or trading in shares, securities and other investments. Investments have been held by company in its own name.

(xv) According to the information and explanation given to us, the company has not given guarantee for loans taken by others from Banks or Financial Institutions.

(xvi) According to the information and explanation given to us, the company has not drawn term loans during the period under the audit.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, during the year under audit, we report that the no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets.

(xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to parties covered in the register maintained under section 301of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.

(xx) During the period under audit, the company has not raised money by public issue.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **M.S.Reddy & Associates**
Chartered Accountants

M.SRIDHAR REDDY
Partner.
Membership Number 201103

Date: 24.11.2008
Place: Bangalore.

CEREBRA INTEGRATED TECHNOLOGIES LTD
BALANCE SHEET AS AT 30.09.2008

PARTICULARS	SCHEDULE No	30.09.2008 Rs	30.09.2007 Rs
SOURCES OF FUNDS			
Share Holder's Funds			
Share Capital	1	130,740,820	72,616,900
Share Application Money		19,357,696	2,000,000
Reserves & Surplus	2	242,157,224	178,220,912
Loans Funds			
Secured Loans	3	0	80,691,166
GRAND TOTAL		392,255,740	333,528,978
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		46,775,846	40,692,917
Less Depreciation		24,746,157	23,390,917
Net Block		22,029,690	17,302,001
Investments at Cost	5	352,000	2,000
Current Assets Loans & Advances			
Inventories	6	0	289,056
Sundry Debtors	7	104,952,073	58,763,719
Cash and Bank Balance	8	11,039,758	1,431,572
Loans and Advances	9	54,509,195	19,586,892
		170,501,025	80,071,240
Less: Current Liabilities & Provisions			
Current Liabilities	10	42,034,235	105,091,170
Provisions	11	48,597,036	47,232,204
		90,631,271	152,323,374
Net Current Assets		79,869,754	(72,252,134)
Profit & Loss Account	12	290,004,297	388,477,111
GRAND TOTAL		392,255,740	333,528,978

Significant Accounting Policies & Notes to Accounts 21
The Schedules referred to above form an integral part of the Balance Sheet

As per our Audit Report of Even Date
for M.S.REDDY & ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

M.Sridhar Reddy
Partner

V. Ranganathan
Managing Director

Gururaja K Upadhya
Director Technical

PLACE: BANGALORE
DATE: 24.11.2008

CEREBRA INTEGRATED TECHNOLOGIES LTD

PROFIT & LOSS ACOUNT FOR THE YEAR ENDED 30.09.2008

INCOME	SCHEDULE	30.09.2008 Rs	30.09.2007 Rs
Sales and Services	13	164,253,589	36,874,499
Increase(Decrease in stock)	14	(289,056)	0
Other Income	15	714,699	30,960
TOTAL		164,679,232	36,905,459
EXPENDITURE			
Materials	17	135,011,197	21,779,575
Manufaturing & Administrative Expenses	18	15,841,601	5,838,741
Marketing Expenses	19	923,459	95,188
Interest and Financial Charges	20	621,458	2,657,973
Depreciation		1,630,310	1,561,471
TOTAL		154,028,025	31,932,948
Profit Before Extraordinary Items		10,651,207	4,972,511
Add: Extraordinary Income	16	87,894,073	0
Profit/(Loss) Before Taxation		98,545,280	4,972,511
Provision for Taxation			
Fringe Benefit Tax		72,465	19,708
Profit/(Loss) after Tax Transferred to Balance Sheet		98,472,815	4,952,803

Significant Accounting Policies & Notes to Accounts 21
The Schedules referred to above form an integral part of the Balance Sheet

As per our Audit Report of Even Date
for M.S.REDDY & ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

M.Sridhar Reddy
Partner

V. Ranganathan
Managing Director

Gururaja K Upadhya
Director Technical

PLACE: BANGALORE
DATE: 24.11.2008

SCHEDULE TO BALANCE SHEET AS AT 30TH SEPTEMBER 2008

SCHEDULE-1	30.09.2008 Rs	30.09.2007 Rs
SHARE CAPITAL		
Authorised Capital		
18000000 Equity Shares of Rs 10/-each	180,000,000	100,000,000
Issued & Subscribed & Paid Up		
13063932 equity shares of Rs. 10/ each (Previous year 7251540) of the above Shares:	130,639,320	72,515,400
I 140000(1998:140000)Equity Shares of Rs 10 each were alloted as fully Paid bonus Shares by capitalisation of Profits of the previous years.		
II 16153(1998:16153)Equity Shares of Rs 10 each were alloted as fully paid-up pursuant to a contract without payment being received in cash.		
III 1177400 Equity Shares of Rs 10 each were alloted as fully paid bonus Shares by capitalisation of the Profits on 4-2-2000		
IV 1479300 equity shares of Rs.10 each were alloted on 8-5-2000 as fully paid up shares consequent to public issue		
V 1355287 Equity Shares of Rs10/- Each were allotted on 3.04.2007as fully paid up Shares consequent to Public Issue		
VI. 5812392 Equity Shares of Rs10/- Each were allotted on 7.02.2008as fully paid up Shares with the permission of BIFR		
VII. Add Forfeited Shares (amount orginally paid on 20300 shares @ Rs. 5/- each)	101,500	101,500
	130,740,820	**72,616,900**
Schedule 2		
RESERVES AND SURPLUS		
Capital Reserve	1,143,412	1,143,412
Share Premium Account	241,013,812	177,077,500
Total	242,157,224	178,220,912
Schedule 3		
SECURED LOAN		
Term Loan & Other Secured Loans (Note # 1)	0	3,929,710
Working Capital Finance (Note # 2)	0	76,761,456
	0	80,691,166

NOTES

1) Secured by Exclusive First charge on Plant and Machinery Lien on Fixed Deposits and other assets procured under Term Loan from Canara Bank.

(2) Secured by Hypothecation of Inventories, Plant and Machinery, Furniture & Fixture and Other Fixed Assets present & future and charge on book debts, Land and Guaranteed by Managing Director and three other directors for credit limits availed from Canara Bank and State Bank of India.

SCHEDULE TO BALANCE SHEET AS AT 30TH SEPTEMBER 2008

SCHEDULE 4

FIXED ASSETS

(Figures in Rupees)

Sl No.	TYPE OF ASSETS	GROSS BLOCK				DEPRECIATION RESERVE					NET BLOCK	
		Rate of Dep	As at 1.10.2007	Additions	Deletions	30.09.2008	as at 1.10.007	Year ended 30.09.2008	Deductions	As on 30.09.2008	As on 30.09.2008	As on 30.09.07
1	Energy Saving Equipments	4.75%	1261958	0	0	1261958	960594	59943	0	1020537	241421	301364
2	Plant & Machinery	4.75%	21176676	0	0	21176676	9663043	1005892	0	10668936	10507740	11513633
3	Computer/Printers/Software	16.21%	8184413	1573430	0	9757843	8184413	41203	0	8225617	1532226	0
4	Vehicles											
	a. Motor Cars/Vans	9.50%	1696108	0	347190	1348918	1108063	155618	275070	988611	360307	588045
	b. Motor Cycles/Scooters	9.50%	61509	0	0	61509	61509	0	0	61509	0	0
5	Office Equipments	4.75%	560986	162250	0	723236	388981	27935	0	416916	306320	172006
6	Furniture & Fixtures	6.33%	2515775	2916201	0	5431976	1883423	168239	0	2051662	3380314	632352
7	Land	0	200900	0	0	200900	0	0	0	0	200900	200900
8	Factory Building	3.34%	4638187	0	0	4638187	1011973	154915	0	1166888	3471299	3626214
9	Electrical Installations	3.34%	396405	1778238	0	2174643	128919	16564	0	145483	2029160	267486
	TOTAL		**40692917**	**6430119**	**347190**	**46775846**	**23390918**	**1630310**	**275070**	**24746159**	**22029687**	**17302000**

Schedule 5		30.09.2008 Rs.	30.09.2007 Rs.
INVESTMENTS			
Investment in 200 Equity shares of Sankya Infotech Ltd of Rs. 10/ each fully paid		2,000	2,000
Total Market Value of Investments Rs.Nil (Previous Year Rs.2000)			
Investment in Cerebra LPO India Limited 35000 Equity Shares of Rs.10/- Each		350,000	0
	Total	352,000	2,000
Schedule 6			
INVENTORIES			
Raw Material & Components		0	289,056
		0	289,056
Schedule 7			
SUNDRY DEBTORS			
Unsecured and Considered good			
Sundry Debtors			
Over six months		66,097,917	53,617,861
Others		38,854,155	5,145,859
		104,952,073	58,763,719
Schedule 8			
CASH AND BANK BALANCES			
Cash on Hand		121,354	255,463
Balances with Scheduled Banks			
In Current Accounts		3,589,563	101,726
In Deposit Accounts		7,328,840	1,074,383
		11,039,758	1,431,572
Schedule 9			
LOANS AND ADVANCES			
Unsecured and Considered good			
Advances recoverable in Cash or Kind for the value to be received		53,300,285	19,381,982
Balances with Excise Dept		24,115	24,115
Deposits		1,184,795	180,795
		54,509,195	19,586,892
Schedule 10			
CURRENT LIABILITIES			
Sundry Creditors		32,583,033	55,334,503
Other Liabilities		9,451,202	49,756,667
		42,034,235	105,091,170
Schedule 11			
PROVISIONS			
Provision for Fringe Benefit Tax		72,465	19,708
Provision for bad Debts		48,522,572	47,212,496
Provision for others		1,999	0
		48,597,036	47,232,204

SCHEDULE-12

PROFIT & LOSS ACCOUNT

Profit & Loss Account-Opening Balance(dr.)	388,477,112	393,429,914
Add: Balance of Net Profit for the Year	(98,472,815)	(4,952,803)
	290,004,297	388,477,111

SCHEDULE 13

SALES AND SERVICES		
Hardware-Traded items	153,082,340	21,307,816
Software Development & Sales	0	13,312,000
Services & others	11,171,249	2,254,683
	164,253,589	36,874,499

SCHEDULE 14

INCREASE/(DECREASE IN STOCK)		
Opening stock	289,056	289,056
Closing stock	0	289,056
Increase/(Decrease) in stock	(289,056)	0

Schedule 15

OTHER INCOME		
Interest Income	487,688	11,805
Miscellaneous income	227,011	19,155
	714,699	30,960

Schedule 16

INCOME ON ACCOUNT OF LOAN WAIVERS		
SBI Loan Waiver	24,921,611	0
Canara Bank Loan Waiver	29,259,530	0
Interest Waiver of CB and SBI	33,712,932	0
	87,894,073	0

Schedule 17

MATERIALS

Purchases		
Trade Goods	135,011,197	21,779,575
TOTAL	**135,011,197**	**21,779,575**

Schedule 18		**30.09.2008 Rs**	**30.09.2007 Rs**
MANUFACTURING & ADMIN EXPENSES			
Power and Fuel		381,832	182,454
Other Direct Expenses		125,361	73,583
Salaries Wages and Bonus		4,617,667	754,334
Insurance		20,675	6,495
Repairs and Maintenance		184,737	119,168
Rent		400,000	0
Rates & Taxes		461,752	15,490
Travelling Expenses		652,138	238,286
Printing & Stationery		60,077	17,762
Telephone Charges		285,105	66,543
Audit Fees		54,000	54,000
Provision for obsolete Investments		1,999	0
Provision for Customs Duty		112,453	0
Provision for Bad debts		1,310,077	2,965,256
Others		1,808,465	735,274
Professional charges		5,365,263	610,096
	Total	15,841,601	5,838,741
Schedule 19			
MARKETING EXPENSES			
Selling and Distribution Expenses		229,188	8,112
Advertisement		694,271	87,076
	Total	923,459	95,188
Schedule 20			
INTEREST AND FINANCE CHARGES			
Interest & Financial Charges		621,458	2,657,973
	Total	621,458	2,657,973

CEREBRA INTERGRATED TECHNOLOGIES LIMITED. BANGALORE.

Schedule 21 Significant Accounting Policies and Notes to Accounts

ACCOUNTING POLICIES

1 SYSTEM OF ACCOUNTING:

Accounts are prepared on accrual basis under historical cost convention as a going concern and comply with the mandatory Accounting Standards

2. DEPRECIATION:

a) Depreciation has been provided on assets on straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956 except that:

b) In the case of assets costing less than Rs.5000/- normal rates of depreciation prescribed under Schedule XIV are adopted eventhough the Companies' Act allows for 100% depreciation on such small value items.

3. INVESTMENTS:

Investments are stated at acquisition cost and provision is made to recognize any decline other than temporary, in the value of investments. During the year some of the investment were provided for and the loss on disposal of these investments have been duly accounted

4. FIXED ASSETS:

Fixed Assets are stated at cost including expenses related to their acquisition and installation allocable to respective assets.

5. RETIREMENT BENEFITS TO EMPLOYEES:

Gratuity and Leave encashment are accounted for as and when settled.

6. REVENUE RECOGNITION:

a. Sales include applicable Excise Duty but excludes Sales Tax. Income from sales is recognised upon completion of sale. Warranty charges forming part of the sales are not recognised separately and expenditure incurred in this regard is accounted when incurred. Sales includes inter divisional transfer.

b. Income from software development services is recognised upon completion of milestones wherever payments are linked to such milestones. In cases where payment are based on completion of each man-hours, man-days, man-month of service rendered, revenue is recognised upon respective completion of the same.

7. INVENTORY:

Raw Materials and components are valued at cost. Work in progress are valued at cost including overheads. Appropriate provisions are made for anticipated losses if any. Finished goods and traded items are valued at cost or Net Realisable Value whichever is lower

8. FOREIGN CURRENCY TRANSACTIONS:

Foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction. Adjustments are made for any variations in the sale proceeds or import payments on conversion into Indian Currency upon actual receipt/payment. Exchange differences arising on foreign currency transactions are recognised as income or expense/ capitalised depending on the nature of transactions, in the year in which they arise.

9. ACCOUNTING FOR CLAIMS & CONTINGENCIES:

Claims raised on the company by Excise, Sales tax, Customs, Income tax and Local Authorities are accounted only when they actually become payable after recourse to all legal remedies available to the company.

NOTES TO ACCOUNTS

1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs-Nil (Previous Year Rs. . Nil)

2. Contingent Liabilities in respect of
   a) Counter Guarantees given to the bankers for guarantees issued Rs 71.03 Lakhs Previous Year Rs.71.03.Lakhs)
   b) Disputed demand for Sales tax matters Rs 9.83 Lakhs (Previous year Rs.9.83 Lakhs)
   c) Disputed demand for Income Tax Matters Rs.16.00 Lakhs (Previous year Rs.12.41 Lakhs)

3. Auditor's Remunerationfor Statutory Audit Rs. 44,000/- (Previous Year Rs.54,000/-)
   for Tax Audit Rs. 10000/- (Previous Year Rs.nil)
   for Certification Rs. Nil (Previous Year Rs. Nil)
   for Reimbursement of expenses Nil (Previous year Rs. Nil)

Loans & Advances include Rs 121.14. Lakhs (Previous Year Rs.110.26. Lakhs) due from Kranion Technologies Pvt Ltd, a company under the same management. Maximum amount outstanding at any time during the year Rs 121.14 Lakhs (Previous Year Rs. 110.26 Lakhs) A provision for Bad debts amounting to Rs.10.87 Lakhs was made during the year for the amount paid to Kranion Technologies Ltd.,.

5. Selling and Distribution expenses include Rs. 0.20 Lakhs (previous year Rs. Nil) towards commission to Selling Agents. The company did not have Sole Selling Agents.

6.

Directors Remuneration:	**2007-08**	**(Rs.in lakhs) 2006-07**
Salary	1.80	Nil
Contribution to Provident Fund	0.12	Nil
Total	1.92	Nil

7. Balances of Sundry Debtors, Advances given to parites, Sundry Creditors and advances received from parties are subject to confirmation.

8. The Company, as per the directives of the Board for Industrial Financial and Reconstruction (BIFR) and as agreed to by Bankers made a one time settlement of the outstanding secured loans together with interest as detailed below:

	Rs. Lakhs
Amount due	806.92
Interest	393.91
Due as on 1.10.2007	1,200.83
Amount settled	321.89
Amount waived off and shown Under the head "Extra ordinary Income"	878.94

9. During the year, obsolete stock amounting to Rs.2.89 Lakhs was written off.

10. All inoperative Bank Accounts were closed and the residual balances were transferred to Bank Charges and / or Miscellaneous Income as the case may be.

11. Preferential allotment of 5812392 Equity shares of Rs.10/- each at a premium of Rs.11/- each and 25,25,000 warrants of Rs.10/- each at a premium of Rs.11/- each with paid up value of Rs.2.10/- each convertible within a period of 18 months were issued on 7th February, 2008 to Promoters and strategic investors.

12. Cerebra Europe Ltd.

During the year, the company has advanced Rs.14.29 Lakhs to Cerebra Europe Limited incorporated in United Kingdom towards equity participation in the company. Pending allotment of shares in Cerebra Europe Limited the amount is shown under Loans and Advances in Current Assets. The Company tied up with Cerebra Europe Ltd. for carrying on the business for marketing of its IT Services in the United Kingdom, which may eventually be converted into a subsidiary of the company.,

13. Cerebra LPO India Limited

To cater to the Legal supporting services a subsidiary company Cerebra LPO India Limited was incorporated on the 27th August, 2008 and the Certificate of Commencement of business has not been obtained as on 30-09-2008

The Company has made the following investments / Loans to the subsidiary company

a) 35,000/- shares of Rs.10/- each as fully paid up Rs. 3.50 Lakhs

b) Advance towards expenses Rs. 6.63 Lakhs

14. Previous Years figures have been regrouped and reclassified wherever necessary to conform to current year's presentation

15) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I) Particulars in respect of Licensed/Installed Capacities etc..,

The company is Primarily engaged in Manufacturing, Trading of Computer Systems, Peripherals and I T Services. These activities do not require Industrial Licensing and accordingly information for licensed installed and utilised capacity have not been given.

ii)	**Production (in No.'s)**	Nil	Nil	Nil	Nil
iii)	**Sales**				
	A) Manufactured Items	Nil	Nil	Nil	Nil
	B) Traded items- Hardware	NA	1525.85	NA	213.08
	- Software	NA	NIL	NA	Nil
iv)	**Opening and Closing Stocks**				
	Opening Stock:				
	a) Manufactured Items	NA	Nil	NA	Nil
	b) Traded Items-(Hardware and Software)	NA	2.03	NA	2.03
	Closing Stock				
	a) Manufactured Items	NA	Nil	NA	Nil
	b) Traded Items	NA	Nil	NA	Nil
v)	**Purchase of Trade Goods**	NA	1341.66	NA	217.80

vii) Value of Imports on CIF Basis

Raw Materials including customs duties and other charges Rs.Nil (Previous year Rs. Nil)

Trading Materials Including customs duty and other charges Rs. 7.12 Lakhs (Previous year Rs. 4.35 Lakhs)

		2007-08 Rs. In Lakhs	**2006-07** Rs. In Lakhs	
viii) Raw Materials & Components:	Value		%Value%	
Imported	Nil	0	Nil	0
Indigenous	Nil	0	Nil	0
	Nil	0	Nil	0

ix) The amount remitted in Non Resident Stake holders on account of Dividend to their NRE account
Number of Non Resident Share Holders : Nil (Previous year Nil)

Number of Shares held by them : Nil equity shares (previous year Nil equity shares)
Year to which the payment of dividend relates NA

x) Earnings in Foreign Exchange

Export Sales- Software	Nil (Previous year Rs. 9.85 Lakhs)
Export Sales -Hardware	Rs.7.87 Lakhs (Previous year Nil)

xi) Expenditure in Foreign Currency:

Raw Materials		Nil (Previous Year Nil)
Foreign Travel	Rs. 1.67 Lakhs	(Previous Year Nil)
Others		Nil (previous Year Nil)

16. SEGMENT WISE BUSINESS PERFORMANCE

(Rs in Lakhs)

Particulars	Year Ended 30th September 2008	Previous Year Ended 30th September 2007
(a) Primary segment reporting by business segment:		
I. SEGMENT REVENUE		
a. Hardware	1635.73	235.62
b. I T Services	6.8	133.12
Total	1642.53	368.74
Less :Inter segment revenue	0	0
Net Income from Operations & Sales	1642.53	368.74
II. SEGMENT RESULTS		
Profit/(Loss) before tax and interest:		
a. Hardware	1013.37	-55.66
b. I T Services	-21.14	132.5
Total	992.23	76.84
Less: Interest and other finance charges	6.21	26.57
unallocable exp.net off unallocable income	0.56	0.54
Profit before tax	985.46	49.73
III. SEGMENT ASSETS		
a. Hardware	1304.62	432.57
b. I T Services	613.60	530.57
Total	1918.22	963.14
IV. SEGMENT LIABILITIES		
a. Hardware	461.27	2021.63
b. I T Services	443.56	410.79
Total	904.83	2432.42

V.	**CAPITAL EXPENDITURE**		
	a. Hardware	0.00	9.83
	b. I T Services	64.3	0
	Total	64.3	9.83
VI.	**DEPRECIATION**		
	a. Hardware	15.14	15.00
	b. I T Services	1.16	0.61
	Total	16.30	15.61
VII.	**AMORTISATION AND OTHER NON CASH EXPENDITURE**		
	a. Hardware	12.00	29.65
	b. I T Services	2.23	0
	Total	14.23	29.65
b)	Secondary segment reporting by geographical segment:		
	i) Segment-wise revenue:		
	Revenue from Customers Outside India	57.12	133.12
	Revenue from Customers within India	1585.42	235.62
	Total	1642.54	368.74
ii)	Segment-wise Assets:		
	India	1918.22	963.14
	Outside India	0	0
		1918.22	963.14

17. Related Party Disclosure

The Company has the following Transaction with related parties

		(Rs in Lakhs)			
		2007-08		2006-07	
i.	Kranion Technologies Private Limited	Dr.Rs.	Cr.Rs.	Dr.Rs.	Cr.Rs.
	Receivables	121.14	0.00	110.26	0.00
	Transfer of Funds	10.88	0.00	30.54	0.00
ii	V Ranganathan				
	Advance Received	0.00	2.14	0.00	1.49
	Balance payable	0.00	2.08	0.00	1.49
iii.	Shridhar S Hegde				
	Advance Received	0.00	0.00	0.00	0.00
	Balance payable	0.00	0.00	0.00	0.07
iv.	Gururaja K Upadhya				
	Advance Received	0.00	0.98	0.00	3.80
	Balance payable	0.00	3.99	0.00	4.16
v.	Vishwamurthy P				
	Advance Received	0.00	0.00	0.00	3.21
	Balnce payable	0.00	3.45	0.00	3.45
vi	P Bharath				
	Advance Received	0.00	0.00	0.00	2.78
	Balance payable	0.00	2.68	0.00	2.78

18. Deferred Tax

The company has not recognised deferred tax asset in view of prudence.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th September 2008

PARTICULARS	30-09-2008	30-09-2007
A. Net profit/(loss) before taxes and extra-ordinary items	10,651,207	4,972,511
Adjustments for		
Depreciation	1,630,310	1,561,471
Interest expenditure(including interdivision finance charges)	621,458	2,657,973
Interest Income (Including interdivision Finance Charges)	(487,688)	(11,805)
Profit on sale of fixed asset	(137,880)	-
Sundry creditors written back	(89,131)	
Provision for Bad Debts	1,310,077	2,965,256
Provision for customs duty	112,453	
Provision for Obsolete investments	1,999	
Operating profit/(loss) before working capital changes	13,612,805	9,180,150
B. Changes in current assets & current liabilities:		
Decrease/(Increase) in Inventories	289,056	0
Decrease/(Increase) in Sundry debtors	(46,188,353)	(17839639)
Decrease/(Increase) in Loans & Advances	(35,034,755)	(8,694,356)
Increase/(decrease) in Current Liabilities	(63,004,179)	5,711,738
Cash Inflow/(outflow) from operations	(130,325,427)	(11,642,107)
Interest paid (including interdivision finance charges)	(621,458)	(2,657,973)
Tax refund	-	-
Fringe Benefit tax	(72,465)	19,708
Net cash Inflow/(Outflow) before extraordinary items	(131,019,350)	(14,300,080)
Extraordinary Income		
-Income on account of Loan waivers	87,894,073	
Net cash Inflow/(Outflow) from operating activities	(43,125,277)	(14,300,080)
C. Cash Flows from Investing Activities:		
Interest Income(including interdivision finance charges)	487,688	11805
Dividend Income	-	0
Purchase of Fixed assets including capital work in progress	(6,430,119)	(982,551)
Sale of fixed assets	210,000	
Decrease/(Increase) in Investments	(350,000)	
Sundry creditors written back	89,131	
Net cash Inflow/(outflow) from Investing activities	(5,993,300)	(970,746)
D. Cash flows from Financing Activities:		
Proceeds from Issue of Shares including share premium	139,417,928	15,552,870
Short term borrowings	-	-
Repayment of Long term Borrowings	(80,691,166)	-
Dividend paid (including Dividend Tax)	-	
Net Cash Inflow/(outflow) from Financing Activities	58,726,762	15,552,870
Net Increase/(Decrease) in Cash & Cash Equivalents	9,608,185	282,044
Cash & Cash Equivalents as at beginning of the year	1,431,573	1149529
Cash & Cash Equivalents as at end of the year	11,039,758	1,431,573

We have verified the above Cash Flow Statement of Cerebra Integrated Technologies Limited for the year ended September 30,2008 prepared by the company and certify that the statement has been derived from the accounts of the company audited by us and has been prepared in accordance with the Stock Exchange Listing requirements.

The Schedules referred to above form an integral part of the Balance Sheet
As per our Audit Report of Even Date

for M.S.REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

M.Sridhar Reddy
Partner

V. Ranganathan
Managing Director

Gururaj K Upadhya
Director Technical

BANGALORE
DATE: 24.11.2008

CEREBRA INTEGRATED TE CHNOLOGIES LIMITED
BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. Registration details:
Registration No., 08-15091 State Code 08
Balance Sheet date 30-09-2008

II Capital raised during the year (Amount in Rs. 000)

Public Issue	Nil	Bonus Issue	Nil
Right Issue	Nil	Private Placement	58124

III Position of Mobilization and Deployment of Funds (Amount in Rs.000)

Total Liabilities	:	392256	Total Assets	:	392256
Sources of Funds	**:**				
Paid Up Capital	:	130741	Secured Loans		Nil
Reserves & Surplus	:	242157	Unsecured Loans	:	Nil
Application of Funds					
Net Fixed Assets	:	22030	Investments	:	352
Net Current Assets	:	79869			
Accumulated Losses	:	290004			

IV Performance of the Company (Amount in Rs. 000)

Turnover	:	164253	Total Expenditure	:	154028
Other Income	:	715			
Profit before Tax	:	98545	Profit after Tax	:	98473
Earnings per share	:	7.53			

V Generic names of principal products:- item code No. (ITC Code) 8471 & 8473
Product Description: Computer, Software, Peripherals, Network and related Products

For and on behalf of the Board

As per our Audit Report of Even date
For **M.S. Reddy & Associates.**,
Chartered Accountants

V. Ranganathan — Managing Director
Gururaj K Upadhya — Director Technical
M. Sridhar Reddy — Partner

Place: Bangalore
Date: 24th November, 2008

TOPAZ

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off.: #S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

ATTENDANCE SLIP

Member/Proxy — Folio No.

Please tick whichever is applicable. — No. of Shares

Fourteenth Annual General Meeting on 23rd December, 2008 at 10 a.m.

- A member / proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance
- If you intend to appoint a proxy please complete the proxy form and deposit it in the Company's registered office at least 48 hours before the meeting.
- I certify that I am registered shareholder / proxy for the registered share holder of the company.
  I record my presence at the Fourteenth Annual General Meeting held on 23.12.2008
  Name of the Member / Proxy Signature of the Member/Proxy in Block Letters

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PROXY FORM

I/We _____ of _____ in the

district of _____ being a member/members of the above name of Company

hereby appoint _____ of _____ in the district of

_____ or failing him _____ of _____

in the district of _____ as my / our proxy to vote for me/us on my/our behalf at the

Fourteenth Annual General Meeting of the company to be held on 23rd December 2008 and at any adjournment thereof.

Affix Revenue Stamp

Signed this _____ day of _____ 2008 _____

BOOK - POST

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